News Release

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SBA Lending Increases Sharply
From October Thru December 2009

More loans and dollars are going to small businesses in Orange, Riverside and San Bernardino counties

Santa Ana, CA - SBA loan activity in Orange, Riverside and San Bernardino counties continues to make a strong comeback, with both the number of loans and their dollar amounts showing substantial increases in the first quarter of fiscal year 2010 versus the same period in 2009.

In the first quarter of fiscal 2010, 388 SBA loans have been approved for a total of $192 MM. This is an increase of 75 percent in dollars and 51 percent in loan volume compared to fiscal 2009.

Drilling down further, the 7a loan program saw a big jump in both categories, with a 95 percent increase in loan dollars and a 62 percent increase in loan volume.

SBA's 504 loan program saw an increase of 39 percent in dollars and 15 percent in the number of loans.

Overall, in fiscal 2009, 1065 loans for $407 MM were made throughout the Santa Ana District. "What this means for small businesses is more access to capital and the ability to create and retain jobs, make investments, and take other steps that stimulate growth and improve the local and national economy," said Santa Ana District Office's deputy director, Rachel Baranick.

Two provisions in the Recovery Act contributed greatly to the increased activity. The guaranty percentage was raised to 90 percent and fees were eliminated for most SBA loan programs. This provided additional security to lenders making loans to small businesses and greatly reduced the cost to borrowers to secure the funds.

Baranick adds, "The Recovery Act was instrumental in providing the spark needed to jumpstart lending to small businesses."

The 7(a) Loan Program is SBA's primary program to help start-up and existing small businesses obtain financing when they might not be eligible for business loans through normal lending channels. SBA itself does not make loans, but rather guarantees a portion of loans made and administered by commercial lending institutions.

7(a) loans are the most basic and most commonly used type of SBA loan. They are the most flexible, since financing can be guaranteed for a variety of general business purposes, including working capital, machinery and equipment, furniture and fixtures, land and building (including purchase, renovation and new construction), leasehold improvements, and debt refinancing (under special conditions). Loan maturity is up to 10 years for working capital and generally up to 25 years for fixed assets.

SBA's 504 Loan Program is designed to assist entrepreneurs obtain long-term, fixed-rate financing for capital assets like the purchase of real estate and equipment with a minimum useful life of 10 years. Recognizing that small business owners sometimes have more difficulty getting traditional business financing but need funds to grow, the SBA 504 loan provides financing for entrepreneurs to investin their own facilities, continue to expand and create new jobs. Small business owners can buy their own building or expand their existing facility to accommodate increased sales and more staff. The community gets the benefit of additional jobs, business growth and tax revenues from a growing small business.

For a list of participating SBA lenders in your area, click here.

For more information about the Recovery Act and its small business provisions, click here.